

Michael O'Rourke - TechTown - Testimony in support of Senate Bill 1097 - October 22, 2014

Good morning, my name is Mike O'Rourke. I am the Chief Operating Officer of TechTown Detroit. I am here to speak in support of Senate Bill 1097.

TechTown was the first incubator and accelerator in Detroit, serving the city since 2004. We are one of the several SmartZones in Michigan. TechTown provides support for entrepreneurs in the city through three different programs: LABS, BLOCKS and Real Estate.

Our LABS program helps tech-based entrepreneurs to mine and commercialize technologies from local universities and other institutions. Our BLOCKS programs work in the underserved neighborhoods of the city to provide best-in-class economic development. Through our recently renovated first floor space we provide a vibrant public space for a wide array of important meetings and gatherings.

The current legislation establishing SmartZones has been a great success in building much-needed support for the new entrepreneurial spirit in the state. Without SmartZones, our entrepreneurs would be forced to expend considerable time and capital to find the resources needed to build and grow their businesses. That time and money can be put to use with greater impact because SmartZones are widely available in the important business centers of the state.

In an environment with justified expectations for increased impact from public funding, satellite SmartZones play an important role. While organizational capacity is critical to achievement of desired results, funding for overhead expenses is increasingly difficult. Greater efficiency in deployment of organizational capacity is critical. Similarly, proven programs have been established by Michigan's SmartZones. In TechTown's case, that work has taken a decade at significant expense to achieve the sort of results you expect. Other SmartZones have similar stories.

Recreation of those programs from scratch would require new funding that could better be used to create jobs and build a vibrant economy. Satellite zones can avoid the inevitable duplication of accounting, HR, IT and other overhead expenses and immediately bring proven programs to support entrepreneurs.

I do understand that the TIF impact on school taxes is not to be underestimated. One of the important pillars of our work is the education of our youth. However, the immediate implementation of programs that work without the added cost of reinvention and duplication make satellites an efficient means to achieve crucial economic benefit for partner authorities.

This bill, which would expand the opportunities to establish these cost-efficient satellite SmartZones, is an important amendment to the original legislation that would let our SmartZones further expand their impact on our great state's economy.

Thank you for this opportunity to speak today. I would be happy to answer any questions.